

**NET METERING OF ELECTRICITY**

2002 GENERAL SESSION

STATE OF UTAH

**Sponsor: Gordon E. Snow**

**This act modifies provisions relating to public utilities by enacting provisions relating to net metering. This act requires electrical corporations to make a net metering program available to customers by which customers may establish an inverter controlled customer generation system to produce electricity for their own use and to supply excess electricity to the electrical corporation. The act requires the electrical corporation to offset charges for electricity by the amount of electricity supplied by a customer from a customer generation system and requires the electrical corporation to give the customer a credit for electricity generated by the customer that exceeds the amount supplied by the electrical corporation. The act requires the customer to meet certain safety and other requirements with respect to a customer generation system. The act prohibits the electrical corporation from imposing additional charges or fees to customers participating in a net metering program unless authorized.**

This act affects sections of Utah Code Annotated 1953 as follows:

ENACTS:

**54-15-101**, Utah Code Annotated 1953

**54-15-102**, Utah Code Annotated 1953

**54-15-103**, Utah Code Annotated 1953

**54-15-104**, Utah Code Annotated 1953

**54-15-105**, Utah Code Annotated 1953

**54-15-106**, Utah Code Annotated 1953

*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section **54-15-101** is enacted to read:

**CHAPTER 15. NET METERING OF ELECTRICITY****54-15-101. Title.**

This chapter is known as "Net Metering of Electricity."

Section 2. Section **54-15-102** is enacted to read:

**54-15-102. Definitions.**

As used in this chapter:

(1) "Customer-generated electricity" means electricity that:

(a) is generated by a customer participating in a net metering program from a customer generation system;

(b) exceeds the electricity the customer needs for the customer's own use; and

(c) is supplied to the electrical corporation administering the net metering program.

(2) "Customer generation system" means a fuel cell or renewable facility that:

(a) has a generating capacity of not more than 25 kilowatts;

(b) is located on the premises of the electrical corporation's customer;

(c) operates in parallel and is interconnected with the electrical corporation's transmission and distribution facilities;

(d) is intended primarily to offset part or all of the customer's requirements for electricity; and

(e) is controlled by an inverter.

(3) "Excess customer-generated electricity" means the amount of customer-generated electricity during a billing period that exceeds the amount of electricity that an electrical corporation supplies to the customer during that billing period.

(4) "Fuel cell" means a device in which the energy of a reaction between a fuel and an oxidant is converted directly and continuously into electrical energy.

(5) "Governing authority" means:

(a) for a distribution electrical cooperative, its board of directors; and

(b) for each other electrical corporation, the commission.

(6) "Inverter" means a device that:

(a) converts direct current power into alternating current power that is compatible with power generated by an electrical corporation; and

(b) has been designed, tested, and UL certified to UL1741 and IEEE929 standards.

(7) "Net electricity" means the difference between:

(a) the amount of electricity that an electrical corporation supplies to a customer participating in a net metering program; and

(b) the amount of customer-generated electricity.

(8) "Net metering" means measuring for the applicable billing period the difference between:

(a) the amount of electricity that an electrical corporation supplies to a customer participating in a net metering program; and

(b) the amount of customer-generated electricity.

(9) "Net metering program" means a program administered by a electrical corporation whereby a customer with a customer generation system may:

(a) generate electricity primarily for the customer's own use;

(b) supply customer-generated electricity to the electrical corporation; and

(c) if net metering results in excess customer-generated electricity during a billing period, receive a credit against the cost of electricity supplied by the electrical corporation to the customer within the same calendar year.

(10) "Renewable facility" means a facility that uses energy derived from the sun, wind, or water to generate electricity.

Section 3. Section **54-15-103** is enacted to read:

**54-15-103. Net metering program -- Metering equipment -- Interconnection agreement.**

(1) Each electrical corporation shall:

(a) except as provided in Subsection (2), make a net metering program available to the electrical corporation's customers; and

(b) allow customer generation systems to be interconnected to the electrical corporation's facilities using, except as provided in Subsection (3), a standard kilowatt-hour meter capable of net metering.

(2) An electrical corporation may discontinue making a net metering program available to customers not already participating in the program as long as:

(a) the cumulative generating capacity of customer generation systems in the program equals

at least .1% of the electrical corporation's peak demand during 2001; and

(b) at least half of the electricity representing the .1% figure in Subsection (2)(a) is generated by renewable facilities.

(3) (a) Notwithstanding Subsection (1)(b), an electrical corporation may require a customer participating in the electrical corporation's net metering program to use metering equipment other than a standard kilowatt-hour meter if the commission, after appropriate notice and opportunity for comment:

(i) determines that the use of other metering equipment is necessary and appropriate to monitor the flow of electricity from and to the electrical corporation; and

(ii) approves the requirement for other metering equipment, after considering the benefits and costs associated with the other metering equipment.

(b) If the commission approves the requirement for other metering equipment under Subsection (3)(a), the governing authority shall determine how the cost of purchasing and installing the other metering equipment is to be allocated between the electrical corporation and the customer.

(4) An electrical corporation may require a customer to enter into an interconnection agreement before connecting the customer generation system to the electrical corporation's facilities.

Section 4. Section **54-15-104** is enacted to read:

**54-15-104. Charges or credits for net electricity.**

(1) Each electrical corporation with a customer participating in a net metering program shall measure net electricity during each billing period, in accordance with normal metering practices.

(2) If net metering does not result in excess customer-generated electricity during the billing period, the electrical corporation shall bill the customer for the net electricity, in accordance with normal billing practices.

(3) If net metering results in excess customer-generated electricity during the billing period:

(a) (i) the electrical corporation shall credit the customer for the excess customer-generated electricity at a value that is at least avoided cost;

(ii) the customer may use the credit under Subsection (3)(a)(i) to offset purchases of electricity from the electrical corporation during future billing periods during the same calendar year;

and

(iii) all credits that the customer does not use during the calendar year expire at the end of the calendar year; and

(b) the electrical corporation may bill the customer for customer charges that otherwise would have accrued during that billing period in the absence of excess customer-generated electricity.

Section 5. Section **54-15-105** is enacted to read:

**54-15-105. No additional fee or charge without commission approval -- Exception.**

(1) An electrical corporation administering a net metering program may not charge a customer participating in the program an additional standby, capacity, interconnection, or other fee or charge unless the governing authority, after appropriate notice and opportunity for comment:

(a) determines that:

(i) the electrical corporation will incur direct costs from the interconnection or from administering the net metering program that exceed benefits, as determined by the governing authority, resulting from the program; and

(ii) public policy is best served by imposing the fee or charge on the customer participating in the net metering program rather than by allocating the fee or charge among the electrical corporation's entire customer base; and

(b) after making its determination under Subsection (1)(a), authorizes the additional fee or charge.

(2) If a cost of a net metering program is allocated among the electrical corporation's entire customer base, Subsection (1) may not be construed to prohibit an electrical corporation from charging a customer participating in the net metering program for that cost to the same extent that the electrical corporation charges a customer not participating in the program for that cost.

Section 6. Section **54-15-106** is enacted to read:

**54-15-106. Customer to provide equipment necessary to meet applicable code requirements -- Commission may adopt additional requirements -- Testing and inspection of interconnection.**

(1) Each customer participating in a net metering program shall provide at the customer's expense all equipment necessary to meet applicable local and national standards regarding electrical and fire safety, power quality, and interconnection requirements established by the National Electrical Code, the National Electrical Safety Code, the Institute of Electrical and Electronics Engineers, and Underwriters Laboratories.

(2) After appropriate notice and opportunity for comment, the commission may by regulation adopt additional safety, power quality, and interconnection requirements for customer generation systems that the commission considers to be necessary to protect public safety and system reliability.

(3) (a) If a customer participating in a net metering program complies with requirements referred to under Subsection (1) and additional requirements established under Subsection (2), an electrical corporation may not require that customer to:

(i) perform or pay for additional tests; or

(ii) purchase additional liability insurance.

(b) An electrical corporation may not be held directly or indirectly liable for permitting or continuing to permit an interconnection of a customer generation system to the electrical corporation's system or for an act or omission of a customer participating in a net metering program for loss, injury, or death to a third party.

(4) An electrical corporation may test and inspect an interconnection at times that the electrical corporation considers necessary to ensure the safety of electrical workers and to preserve the integrity of the electric power grid.